

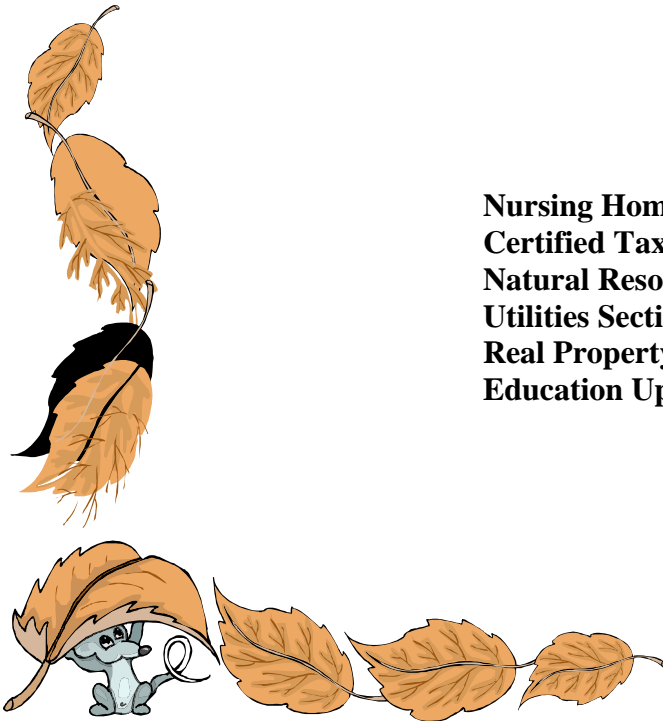
Property Writes

PROPERTY TAX DIVISION NEWSLETTER SEPTEMBER 2004



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Property Tax Division
Utah State Tax Commission

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MESSAGE FROM THE DIRECTOR

- Denny Lytle

Late last fall the Property Tax Division received an assignment from the Tax Review Commission to examine the property tax status of nursing homes and assisted care facilities. The Tax Review Commission was under the impression, from a preliminary report produced by Legislative Research, that there were numerous facilities receiving an inappropriate property tax exemption.

After an exhaustive census of Utah nursing homes and assisted care facilities, conducted with considerable assistance from county personnel, we determined that there are 240 such facilities in Utah. The findings of this study suggest there is not a significant issue concerning inappropriate exemptions being granted. Following is the detail concerning the study findings:

Nursing Homes	112
Assisted Care	128
Total Number Facilities	240
Number Taxable	208
Exempt as Charitable	19
Exempt by Ownership	13

For those facilities that are exempted as charitable, there were a few issues observed that all of us involved with the property tax system need to be aware of. First, most of the facilities were not valued by the assessor's office. These facilities need to be valued so that the county legislative body has an estimate of the amount of property tax forgone to measure against the charity care provided by the facility. The other issues were centered around the need, in many cases, for additional documentation to be provided by the facility and additional analysis that needed to be performed before the exemption is granted.

I presented the study to the Tax Review Commission on September 10th. I explained the findings and that any of the issues identified could be easily dealt with by training and cooperation. Their fears concerning inappropriate exemptions were dispelled and they were supportive of the direction to address the few issues that were identified.

CERTIFIED TAX RATES

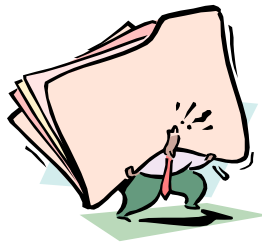
- Blaine Smith

Since our last article, we have all been engaged in the very taxing experience of developing certified tax rates, gathering budgets, checking of "Notices of Valuation and Tax Changes" and being involved with the truth-in-taxation processes. Are you tired yet, we are! It's been a very interesting three months. As usual, values were sent to us in June, certified rates were calculated and sent back to the corresponding counties. It was at this point that we had a

little twist in the process. Due to some misunderstanding of how to determine what value should be used for the budgeted amount in the certified tax rate calculation, we got to do it all over again.

Unfortunately that meant you got to do your budget gathering process all over again. We apologize for the inconvenience that this action may have caused all those involved in the process. With a lot of extra work on everyone's part, the Notices of Valuation and Tax Changes were completed and sent to the public. It was a big job completed in a very short time and the tax rate team applauds all of your efforts.

After the dust cleared from all the stirring up that we did in June and July, August seemed almost normal. The truth-in-taxation process has consumed most of our time during this month. We have had 56 entities go for tax increases this year. As in the past, we have had two denied, three that have decided not to take the increase, three that are taking only a partial amount of the increase and the rest going for the amount of increase that they originally advertised. We are still in the process of gathering all of the supporting data that we maintain; however, we are getting close to the end. The final approved tax rates should be mailed to the counties during the first two weeks of September. At that point you are just a few weeks away from printing the annual tax notices. Boy, this summer has gone by fast. Hope you had as much fun as we did!



NATURAL RESOURCES

- Paul Bredthauer

For the past year the TM Department has been working on a new computer system for producing the annual assessments. It is with great excitement that the testing phase is starting. If you have any ideas and or suggestions for improving the "Annual County Record of Assessment" reports that you are getting, please call me at (801) 297-3619 or email at pbredthauer@utah.gov.

The Natural Resource Section is also in the process of testing an ArcPad GIS program to determine how this program application can be used to improve our fieldwork. With this program, aerial photos and locations of mining properties can be loaded on the note pad. A GPS instrument is connected to the note pad and indicates your location. This looks promising as it shows roads that are not on topographical maps. This program will also be used in locating oil & gas wells and mine sites.

UTILITIES SECTION

- Charles Peterson

The Utilities Section of the Property Tax Division has worked over the last three months on resolving appeals and performing audits of centrally assessed taxpayers. We are also preparing for hearings on a couple of company appeals. Most of the appeals that have been resolved are for relatively small dollar amounts. A major settlement, just concluded, for the 2004 year was with Delta Air Lines. This settlement involved a fairly large amount of money, but is going to significantly affect only one county.

The Division is preparing for formal hearings regarding the 2002 and 2003 Southwest Airlines appeals. We are also moving towards a formal hearing regarding the 2003 T-Mobile (formerly Voicestream) assessment. Both hearings are scheduled for December 2004. We previously had a formal hearing scheduled in November with Jet Blue, which was appealing an initial hearing decision by the Commission regarding their 2002 and 2003 assessments, but the Company has withdrawn its appeal.

As was reported earlier, the Commission rendered their decision in the Qwest matter in which the Commission disagreed with the Division on many of the issues. We are still awaiting a decision on the 2002 Verizon Wireless hearing.

This year the Division is planning on performing audits of twelve centrally assessed utility taxpayers. The audits underway include AT&T Communications, Northwest Pipeline, Sprint, and Mid-America Pipeline, as well as several small in-state companies.

Our annual school on central assessment held in Logan and jointly sponsored by the Western States Association of Tax Administrators (WSATA) and Utah State University will be held the week of January 30, 2005. Assessors or their staff are invited to attend. If you have any questions feel free to contact Charles Peterson at (801) 297-3648.



REAL PROPERTY

- Steve Farrell

The Real Property Section is getting organized for the 2005 ratio study. The section also is involved with the tasks of standardizing the sale ratio and reappraisal annual review. The need for this has been apparent for a number of years, but finding the time and resources has been difficult. Denny, in his wisdom, made this a condition of Lee's retirement. Before Lee can retire at the end of the year, this project must be completed. It is our desire to get as many

counties as possible involved in putting together the process for this annual review. Denny, Lee and the county reps will be visiting each county in order to get their ideas and input.

The project involves looking at the ratio study with an effort to simplify and standardize the process as much as possible. The finished product will be a new sales ratio standard, and a procedural manual covering all aspects of the ratio study.

The project is also looking at the cyclical reappraisal in an attempt to add clarification to the reappraisal statute and administrative rule. It is our goal with the help of the counties to develop standards and guidelines for the reappraisal review. Both of these tools will help to demonstrate the quality of work the counties are doing in the assessment process.

We look forward to seeing you all very soon.

EDUCATION UPDATE

- Ron Smith

The year is winding down, and with just three months left, we have a lot of classes to pack in:

USPAP 2-day, October 5-6

USPAP 1-day, October 15

Property Tax Admin, October 7-8

Appraisals Principles & Practices (review class for the Real Estate testing),
October 25-26

Income Approach Application, November 16-19

To register for any of these classes, contact Colleen at 801-297-3601, e-mail: csouthwick@utah.gov. And watch for the 2005 catalog of courses that will be published soon.



2004 Assessor's School - December 1 – 3, Yarrow Hotel, Park City, Utah

If the assessors or their staff have topics they would like included in this year's Assessor's School, please contact Ron Smith at (801) 297-3691